

Message Text

CONFIDENTIAL

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 ICA-11 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01
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FM AMEMBASSY MANILA
TO SECSTATE WASHDC 3790

C O N F I D E N T I A L MANILA 5202

USADB

PASS TREASURY FOR NACHMANOFF

E.O. 11652: GDS
TAGS: EAID, EFIN, VM
SUBJECT: ADB RELATIONS WITH VIETNAM

REF: MANILA 5123

1. CANADIAN, JAPANESE EXECUTIVE DIRECTORS AND AUSTRALIAN
ALTERNATE ED ARE SERIOUSLY CONCERNED THAT PRESIDENT
YOSHIDA'S EFFORTS TO DEAL WITH VIETNAM PROBLEM AT VIENNA
MIGHT BECOME PUBLIC AND EMBROIL ADB IN POLITICAL CONTROVERSY
TO THE DETRIMENT OF THE ADB IN GENERAL AND THE ADF III
REPLENISHMENT IN PARTICULAR. AWARE OF CONGRESSMAN LONG'S
LETTER TO PRESIDENT YOSHIDA WHICH WARNED THE BANK, AMONG
OTHER THINGS, AGAINST LENDING TO VIETNAM AND APPRECIATIVE
OF THE RELUCTANCE IN CERTAIN CIRCLES ON THE HILL AGAINST
THE IFI LENDING TO VIETNAM, THEY ARE CONCERNED THAT
CONGRESSIONAL OPPOSITION TO THE CONTEMPLATED U.S. CONTRIBUTION
TO ADF III MIGHT BECOME MORE INTENSE IF PUBLIC ATTENTION
WERE TO BE DRAWN TO THE DISAGREEMENT WITH VIETNAM.

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2. INCIDENTALLY, THEY ALSO ARE VEERING PERSONALLY TO THE
VIEW THAT VIETNAM SHOULD BE REQUIRED TO BE UP TO DATE
IN ITS LOAN PAYMENTS TO THE BANK BEFORE THE ADB COULD
AGREE TO REACTIVATE EXISTING LOANS.

3. IN VIEW OF THE ABOVE CONSIDERATIONS, THE AUSTRALIAN
AND CANADIAN EDS ARE REAUESTING THEIR CAPITALS

TO AUTHORIZE THEM TO PRESS THE PRESIDENT TO SEND A HIGH LEVEL BANK OFFICER TO HANOI IN THE NEXT WEEK OR TWO TO MAKE AN EFFORT TO PERSUADE VIETNAM TO PAY IN FULL ITS CURRENT ARREARAGES. IN TURN, VIETNAM WOULD RECCEIVE INFORMAL PRESIDENTIAL ASSURANCES THAT THE SAIGON POWER LOAN WOULD BE PUT TO THE BANK BOARD IN THE VERY NEAR FUTURE AND THAT BANK MISSIONS SHORTLY WOULD BE SENT TO HANOI TO REAPPRAISE THE REMAINING SUSPENDED PROJECTS. THE JAPANESE ED IS STILL UNCERTAIN AS TO WHETHER ADEQUATE TIME REMAINS BEFORE THE ANNUAL MEETING TO SEND ANEMISSIONARY TO HANOI.

4. I HAVE COMPLETELY STOOD ASIDE FROM HIS EFFORT, AND AM UNCERTAIN AS TO HOW THE PRESIDENT WILL REACT TO IT. HE HAS BEEN ATTEMPTING TO DEAL WITH THE ISSUE IN A LOW KEY FASHION AND AT A DELIBERATE PACE. SENDING A BANK OFFICER TO HANOI PRIOR TO THE ADF III REPLENISHMENT MEETING AND THE ANNUAL MEETING COULD, IF THINGS WENT AWRY, BRING THE ISSUE TO A HEAD AT THAT TIME, WHICH I AM CONFIDENT HE (AND ALMOST ALL OTHERS) WOULD WISH TO AVOID.

5. THE PRESIDENT IS NOW IN PAKISTAN AND IS EXPECTED BACK IN MANILA ON APRIL 5.
EDMOND

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